

Message Text

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ACTION ARA-20

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DEPT PASS TO VELA, SER/H, APU.

E.O. 11652: N/A

SUBJECT: GOA ANNOUNCES LARGE HOUSING PLAN.

1. SUMMARY: THE ANNOUNCEMENT BY SOCIAL WELFARE MINISTER JOSE LOPEZ REGA THAT THE GOA WOULD IMPLEMENT A 2-YEAR PLAN CALLING FOR THE CONSTRUCTION OF 1/2 MILLION HOUSING UNITS MADE FRONT PAGE NEWS HERE WEDNESDAY. ALTHOUGH RECEIVING STRONG ENDORSEMENT FROM A BROAD RANGE OF THE PRESS, PLAN DETAILS REMAIN VAGUE INCLUDING SPECIFICS RE ITS FINANCING. END SUMMARY.

2. THE GOA ANNOUNCED IT WOULD MAKE A TREMENDOUS EFFORT TO REDUCE SHARPLY ARGENTINA'S HOUSING DEFICIT WHICH GREW PROGRESIVELY WORSE THRU THE PAST DECADE. OTHER OBJECTIVES OF THE 500,00 UNIT CONSTRUCTION SCHEME (TO BE INTEGRATED IN A NEW 3-YEAR DEVELOPMENT PLAN) INCLUDED MAKING INROADS INTO THE SERIOUS UN- AND UNDER-EMPLOYMENT PROBLEM INHERITED BY CAMPORA GOVERNMENT REVITALIZING THE ALL BUT DESICATED HOME CONSTRUCTION INDUSTRY AND THEREBY APARKING THE ECONOMY AS A WHOLE.

3. IT WAS NOTED THAT THE FUNDING NECESSARY FOR THE PROGRAM (GIVEN AS THE EQUIVALENT OF US\$ 1.3. BILLION) WAS AVAILABLE
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FROM THE BUDGET OF THE MINISTRIES AND AGENCIES RESPONSIBLE

FOR IMPLEMENTING THE PLAN. THE MAIN SOURCES LISTED WERE:
THE NATIONAL HOUSING FUND (FONAVI) WHICH DERIVES ITS RE-SOURCES MAINLY FROM TWO MAJOR TAX BASES (PAYROLL AND CATTLE SALES), SOCCER POOL RECEIPTS (PRODE), SPECIAL CENTRAL BANK MEASURES WHICH EARMARK A CERTAIN PERCENTAGE OF COMMERCIAL BANK DEPOSITS FOR LOW-INCOME HOUSING, AND NORMAL LOAN REPAYMENTS FROM ARGENTINE CITIZENS WHO HAVE LOANS GRANTED BY THE SOCIAL WELFARE MINISTRY.

4. WITH RESPECT TO THE FUTURE HOMEOWNERS, THE ANNOUNCED GOAL IS TO PROVIDE SHELTER WITH 1ST PRIORITY GIVEN TO THOSE MOST IN NEED AND ABLE TO MAKE PAYMENT FOR THEIR HOMES. THIS WILL BE ACCOMPLISHED BY THE CONCESSION OF 30-YEAR MORTGAGE CREDITS CALCULATED SO THAT THE BUYER'S EXPENSES FOR THIS ITEM DO NOT EXCEED 20 OF (FAMILY) INCOME.

5. IT WOULD APPEAR THAT THE PLAN WILL GET OFF TO A QUICK START VIA THE REACTIVATION OF DUST-LADEN PROJECT DOSSIERS NOW ON FILE WITH THE NATIONAL MORTGAGE BANK (BHN) AND OTHER HOUSING AGENCIES. RURAL HOUSING IS ALSO CONTEMPLATED UNDER THE SCHEME VIA CREDITS FROM THE BANCO DE LA NACION WHICH DEALS MAINLY IN THE AGRO-BUSINESS SECTOR.

6. FINALLY, IT WAS EXPLAINED THAT ALL SECTORS OF GOVERNMENT WHO HAVE COMPETENCE IN THE AREA WILL BE CALLED UPON FOR ASSISTANCE INCLUDING THE ARMY CORPS OF ENGINEERS. (THIS IS TAKEN AS A PRIME INDICATION BY OBSERVERS OF A FIRST STEP IN THE GOA'S PLAN TO "RE-INTEGRATE" THE ARMED FORCES WITH ARGENTINE POPULACE). ALSO UNDER STUDY IS THE UTILIZATION OF GOVERNMENT LANDS WHICH NOW LIE IDLE.

7. NO DOUBT THE ANNOUNCEMENT OF A MASSIVE HOUSING PLAN IS WELCOME NEWS TO MANY PERONISTS WHO PROCLAIMED THE SOLUTION OF THE HOUSING PROBLEM AS ONE OF THE FREJULI MAIN ELECTION CAMPAIGN PLANKS. WITH REGARD TO THE PLAN ITSELF, NOT MUCH DETAIL IS AVAILABLE WITH RESPECT TO PHYSICAL LOCATION OF PROJECTS. IT SEEMS CERTAIN, HOWEVER, THAT THE BULK OF AVAILABLE RESOURCES WILL BE DIRECTED AT THOSE SECTORS OF THE POPULATION WHO VOTED FOR FREJULI, I.E. VIQUATTER SETTLERS AND LOW-INCOME FAMILIES. THE BA HERALD IN AN EDITORIAL (7/11)
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STATED: "THE ADMINISTRATION THAT BUILDS THE HOUSES ARGENTINA NEEDS WILL DESERVESLY EARN A PLACE IN HISTORY -- AND CAN EXPECT ITS REWARD THROUGH RE-ELECTION".

8. COMMENTS:

PRELIMINARY ANALYSIS ON THE FINANCIAL SIDE GIVES SOME CAUSE TO PONDER THE ECONOMIC FEASIBILITY OF PLAN. ALSO WHILE THE BUILDING INDUSTRY CAN DO A GREAT DEAL BETTER THAN IT HAS IN

RECENT YEARS, THE NUMBER OF UNITS AND THE TIME SCHEDULE WILL CERTAINLY STRAIN ITS ABILITY TO PROVIDE THE NECESSARY BRICK AND MORTAR. A QUICK DIVISION OF THE BUDGET BY THE NUMBER OF UNITS PLANNED GIVES AN AVERAGE UNIT COST OF ABOUT U\$S 2,600 WHICH IS SUBSTANTIALLY LOWER THAN THE LOWEST PRICED PLAN VEA UNIT (510-HG-005.) IF THIS FIGURE IS IN FACT TO BE ACHIEVED WHILE AT THE SAME TIME PROVIDING THE KIND OF "STANDARD" LOW-INCOME HOUSING ARGENTINES HAVE COME TO EXPECT, A SIGNIFICANT PART OF THE COST MAY HAVE TO BE ABSORBED THROUGH SELF-HELP (SWEAT EQUITY), ESPECIALLY IN THE ELIMINATION OF URBAN SHANTY-TOWNS. NO DOUBT GREAT ECONOMIES CAN ALSO BE ACHIEVED VIA THE USE OF COST-FREE GOVERNMENT LAND. AS HAS OCCURRED MANY TIMES IN THE PAST, HOWEVER, IT MAY WELL BE THAT THE GOA HAS SET ITS SIGHTS TOO HIGH AND ITS BUDGET TOO LOW.

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